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RUEAHL/DEPT OF HOMELAND SECURITY CENTER WASHINGTON DC  
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S E C R E T SECTION 01 OF 03 SINGAPORE 001018

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STATE PASS TREASURY FOR UNDER SECRETARY LEVEY

E.O. 12958: DECL: 05/14/2017  
TAGS: [KTFN](#) [ETTC](#) [KCRM](#) [EFIN](#) [PTER](#) [ECON](#) [EINV](#) [SN](#)  
SUBJECT: U/S LEVEY WARNS AGAINST IRANIAN FINANCIAL  
ACTIVITIES

REF: STATE 57239

Classified By: Econ/Pol Chief Ike Reed; reasons 1.4 (b) and (d)

11. (S) Summary. Singapore officials assured Treasury Under Secretary Levey that they were taking the necessary steps to

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thwart any attempt by the Iranian government or Iran-linked entities to exploit Singapore for terrorism and proliferation-related activities. U/S Levey underscored the need for Singapore to remain vigilant despite the current low level of Iranian banking activity. He said Iran was deliberately disguising the nature of its business activities to circumvent United Nations Security Council resolutions and to secure alternate sources of financing to replace recently closed European bank accounts; as a booming regional financial center, Singapore was a natural target. When asked how the USG would continue to respond to Iran's violation of UNSCRs, U/S Levey told banking representatives that the USG could apply available authorities, as appropriate, to target Iranian illicit financial activity, such as the USA PATRIOT Act Section 311 sanctions the USG had applied to Banco Delta Asia (BDA). He emphasized that Iran was more integrated into the world economy than the DPRK, and therefore harder to isolate. He stressed with GOS officials the need to conclude a bilateral Mutual Legal Assistance Treaty (MLAT) to enhance our growing law enforcement and intelligence cooperation. End summary.

12. (SBU) Treasury Under Secretary for Terrorism and Financial Intelligence Stuart Levey updated GOS officials May 9 on Iran-linked financial activities and the Government of Iran's (GOI's) related efforts to fund terrorism and WMD proliferation. He met collectively with Monetary Authority of Singapore (MAS) Deputy Managing Director TEO Swee Lian and Ministry of Finance Deputy Secretary NG Wai Choong, and separately with Ministry of Home Affairs (MHA) Second Minister of State HO Peng Kee and Deputy Secretary CHOONG May Ling. U/S Levey held a roundtable discussion with the Association of Banks in Singapore (ABS), including representatives from the Bank of Tokyo-Mitsubishi, Maybank,

DBS, and UOB, and also had separate meetings with DBS and UOB. In each of these meetings, he distributed a list of companies (and their chief officers' names) that are controlled by or affiliated with the Iranian Islamic Revolutionary Guard Corps (IRGC), a GOI-linked entity that oversees the business dealings of several state-owned and private sector enterprises. He also shared an invitation for bid from an affiliate of the Atomic Energy Organization of Iran (AEOI), an entity designated under UNSCR 1737, to build two nuclear power plants with light-water reactors that requested bidders to pay 15,000 Euro into an Iranian diplomatic account at Creditanstalt in Austria. U/S Levey also gave an interview with the Straits Times, which was published May 11.

#### Vigilance Needed Despite Limited Financial Activity

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13. (SBU) In each of his discussions, U/S Levey cited evidence and examples of Iran-related entities, including state-owned banks -- specifically Bank Sepah (designated under UNSCR 1747), and Bank Saderat (subject to U.S. regulatory action for its support for terrorism) -- as well as front companies, and quasi-governmental foundations (or "Bonyads") that support charitable causes in addition to terrorist groups. All of them had deliberately disguised the nature of their financial activity to evade detection and avoid suspicion. Iran was attempting to use well-developed banking systems around the world to circumvent UN sanctions and to replace banking relationships that European banks had recently ended. Although he did not have particular concerns about Singapore and Singapore-based banks -- in part because of the minimal level of Iranian banking activity -- U/S Levey underscored the need to remain vigilant. He reiterated

SINGAPORE 00001018 002 OF 003

Secretary Paulson's concern conveyed to Prime Minister Lee

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Hsien Loong May 4 in Washington that Singapore's position as a vibrant and growing regional financial center made it an attractive target for Iran as it searched for new sources of banking to support its terrorism and proliferation-related activities.

14. (C) MAS Deputy Director Teo told U/S Levey that there were no Iranian banks in Singapore. She echoed sentiments also expressed by MHA Deputy Secretary CHOONG May Ling that there was little chance the GOI would open government accounts in Singapore in the absence of a diplomatic presence here. (Note: Singapore and Iran maintain diplomatic relations, but each is represented only by an ambassador based in its own capital. End note.) Teo said that MAS had nevertheless cautioned banks to be on guard for the type of layering and obfuscation Iran had undertaken elsewhere. U/S Levey warned that as low as this probability might appear, the GOI had engaged individuals in the past to open accounts on its behalf in order to conceal its activities. It might attempt something similar in Singapore.

15. (SBU) Both MHA Second Minister Ho and MAS Deputy Director Teo assured U/S Levey that Singapore abided by UNSCR 1737 and 1747 related to Iran. Second Minister Ho asserted that implementation of these resolutions was backed by a "strong suspicious-transaction reporting system" and "excellent information exchange with the United States" through our respective Financial Intelligence Units (FIUs). Safeguarding Singapore's reputation as a premier regional financial center was a top priority and banks played an important role in this process, he concluded. U/S Levey agreed that we enjoyed good intelligence cooperation and expressed confidence that Singapore's banks were fulfilling their formal obligations to abide by the UNSCRs and domestic anti-money laundering and countering the financing of terrorism (AML/CFT) requirements. However, banks needed to take additional precautions in order to mitigate "reputational" risks, he said.

16. (C) U/S Levey told members the Association of Banks in Singapore that Iran had been trying to gain legitimacy internationally during the past few months by using the names of the world's leading banks in advertisements to suggest that these banks had entered into financial transactions with GOI or GOI-linked entities when in fact they had not. Asked if the USG preferred banks to close Iran-linked accounts of concern or to keep them open for the purpose of filing suspicious transaction reports, U/S Levey said that he did not advocate a particular approach, but rather wanted to alert banks to the latest trends in Iranian financial activities so that they could take appropriate measures to protect themselves. He emphasized that banks should give priority to managing their overall client relationships with Iran and maintain a high level of scrutiny for individual transactions. The bankers took particular note of the AEOI-affiliate's public invitation for bid, as it highlighted Iran's continued efforts to pursue deceptive financial practices.

17. (C) U/S Levey said that Iran posed a different sort of challenge for the international financial community because it was deeply integrated into the global financial system unlike North Korea, despite the many similarities between the activities of BDA on North Korea's behalf and of other banks on Iran's behalf. For example, as a major oil producer, Iran was more integrated into the world economy than North Korea and therefore more difficult to isolate. (Note: The bankers' interest in potential parallels between BDA/North Korea and Iran reflects in part concerns about the possible effect that targeted financial sanctions, such as Section 311, directed at other banks might have in terms of

SINGAPORE 00001018 003 OF 003

additional account surveillance requirements and related costs. Some Singapore bankers have privately questioned USG handling of the BDA case and the Macao Monetary Authority's decision to unfreeze North Korean funds. End note.)

#### Moving Intelligence Cooperation Forward -----

18. (S/NF) MHA Second Minister Ho said that Singapore shared the United States' concerns about terrorism and proliferation finance. He reiterated the importance the GOS places on intelligence cooperation and that Singapore was a "serious player" when it came to coordination with the United States. U/S Levey expressed his appreciation for the GOS' recent assistance in the M/V Gant Star case involving the seizure of a shipment of sodium perchlorate bound for Iran (ref A). He urged Singapore to conclude with us a bilateral Mutual Legal Assistance Treaty, which would move our law enforcement and intelligence cooperation forward. Second Minister Ho agreed, but explained that several "stumbling blocks" stood in the way, including the treatment of "fiscal offenses."

19. (U) U/S Levey cleared this message.  
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